



First Interstate  
Leasing, Inc.  
245 South Los Robles Avenue  
Pasadena, CA 91109  
818 304-2828

15014  
REGISTRATION NO. Filed 1425

AUG 21 1986 - 1 15 PM

INTERSTATE COMMERCE COMMISSION

August 15, 1986

Secretary of the Interstate  
Commerce Commission  
Washington, D. C., 20423

Gentlemen:

Please find attached our check for \$50.00 to record the enclosed  
three (3) Security Agreements with the following information:

Debtor: Alaska Railroad Corporation  
345 West 1st Avenue  
Anchorage, Alaska, 99501

Secured Party: First Interstate Leasing, Inc.  
245 South Los Robles Ave.  
Pasadena, California, 91109

Equipment Description: Six (6) each remanufactured EMD  
GP 38-2 locomotives (road numbers 2003,  
2004, 2005, 2006, 2007, 2008.

Please return the documents to my attention at the above address. Thank  
you.

Sincerely,

Dorothy Botana  
Assistant Vice President

Encls.

DB:am

8/21/86  
10.00 4/0  
Returning 50 one me  
CC Washington, D.C.

Interstate Commerce Commission  
Washington, D.C. 20423

OFFICE OF THE SECRETARY

8/22/86

Dorothy Botana  
Assist Vice President  
First Interstate Leasing, Inc.  
245 S. Los Robles Ave.  
Pasadena, CA. 91109

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 8/21/86 at 1:15pm, and assigned re-recording number(s) 15014

Sincerely yours,

*Noreta R. McGee*  
Secretary

Enclosure(s)

SE-30  
(7/79)

AUG 21 1986 - 1 15 PM

SECURITY AGREEMENT

INTERSTATE COMMERCE COMMISSION

This Agreement, made this 21st day of July, 1986, by ALASKA RAILROAD CORPORATION with an office in 345 West 1st Avenue, Anchorage, Alaska 99501 herein called "Debtor", in favor of First Interstate Leasing, Inc. with an office in 245 South Los Robles Avenue, Pasadena, California, herein called "Secured Party":

WITNESSETH: That Debtor hereby grants to Secured Party a security interest, pursuant to the Uniform Commercial Code, in property described as follows:

Six (6) each remanufactured EMD GP 38-2 locomotives (road numbers 2003, 2004, 2005, 2006, 2007, 2008) or components thereof, Alaska Railroad Corporation solicitation 86-R-0002, as amended, and as accepted by Alaska Railroad Corporation; and before acceptance, components thereof as set forth in one or more schedules now or hereafter attached hereto or by reference made subject hereto, and additions thereto.

TOGETHER with any and all substitutions for the foregoing, replacements thereof and additions thereto hereafter made or acquired by Debtor; AND ALSO all proceeds of insurance policies covering any of said property; AND ALSO all proceeds of said property in any form, it being hereby agreed by Debtor that such inclusion herein of proceeds of said property does not imply nor shall it be construed as a power of sale by Debtor or as a consent by Secured Party to any sale of said property.

As security for:

(1) The payment of:

- (a) Loans evidenced by one or more promissory note(s) with an aggregate principal amount not exceeding \$3 million dollars executed by Debtor in favor of Secured Party, and any extensions, modifications and renewals thereof.
- (b) Any and all sums hereafter advanced and expenditures hereafter made (in addition to any advancements or expenditures necessarily made pursuant to the provisions of the next following paragraph hereof) by Secured Party to or for Debtor, and any and all indebtedness and obligations now or hereafter owing or due or becoming owing or due from Debtor to Secured Party.

(2) The repayment of any and all sums and amounts that are necessarily advanced or expended by Secured Party or assigns for the maintenance or preservation of the property, or any part thereof, described in this Agreement.

(3) The payment and performance of each and every of the obligations and promises of Debtor herein contained.

Debtor hereby agrees: To do all acts which may be necessary to maintain, preserve and protect said property and during the continuance hereof to keep said property in good condition and repair, and if worn, damaged or destroyed to replace the same by other property of equal value; not to permit any waste thereof; to pay, at least ten (10) days before delinquency, all taxes, charges, assessments and liens now or hereafter levied or imposed upon the property or income and all taxes and license fees imposed upon Debtor's right to do business; not to remove nor permit to be removed any part of said property from the vendor's premises where the same is located, until locomotive completion and delivery to Alaska Railroad Corporation, Anchorage, Alaska, without the written consent of Secured Party; to provide, maintain, and deliver to Secured Party, fire and other insurance policies covering said property in amounts and companies satisfactory to Secured Party and with loss payable to Secured Party.

Debtor hereby declares and warrants to Secured Party that Debtor is the absolute owner and in possession of said property as described above; that said property is free and clear of all security interests, liens, encumbrances and adverse claims, with the exception of the lien of this Agreement. Debtor agrees to keep this Agreement as a first lien upon all of the property, not to sell, lease, encumber or dispose of any of said property without the written consent of Secured Party. Debtor further covenants and agrees that Debtor will, upon demand at any time, make, do, execute and deliver all such further acts, deeds and things as shall be reasonably required to effectuate the intent hereof so as to render all of said property herein before mentioned, or as set forth above which may be hereafter acquired, available for the security and satisfaction of said indebtedness, according to the intent and purpose herein expressed, and so as to enable Secured Party to sell and/or convey or otherwise to subject the same to the lien hereof. Debtor further agrees to appear in and defend any and all actions and proceedings affecting the title to said property or any part thereof or affecting the security interest therein.

If the Debtor fails to make any payment or do any act as herein required, then Secured Party without obligation so to do and without notice to or demand upon Debtor, may make such advancements or expenditures and do such reasonable acts as Secured Party may deem necessary to protect Secured Party's

security, Secured Party being hereby authorized (without limiting the general nature of the authority hereinbefore conferred) to take possession of said property, to pay, purchase, contest and compromise any encumbrance, charge or lien which in the judgement of Secured Party appears to be prior or superior to the lien of this Agreement, and, in exercising any such powers and authority to pay necessary expenses, or employ any act as herein required. Debtor hereby agrees to pay immediately and without demand all sums expended by Secured Party pursuant to the provisions of this Agreement.


If Debtor shall default in the payment of any of the indebtedness, obligations or liabilities secured hereby or shall default in the performance of any agreement herein contained, or if any breach be made of any obligation, promise, declaration or warranty of Debtor herein contained or secured hereby, the Secured Party at its option, without demand upon or notice to Debtor, may declare all indebtedness, obligations and liabilities secured hereby, and all other sums owing by Debtor to Secured Party, to be immediately due and payable, and Secured Party shall have the remedies of a secured party under the Uniform Commercial Code, including, without limitation, the right to require Debtor to assemble the property and make it available to Secured Party at a place designated by Secured Party and to enter upon the premises where said property may be and take possession thereof, and remove, sell or dispose of said property, or any part thereof, at public or private sale, upon legal notice to Debtor. Said property, or any part thereof, may be sold in one or more lots at one or more sales, which may be held on different days and which need to be held within view of the property being sold. Secured Party shall deduct and retain from the proceeds of such sale or sales all costs, expenses and charges paid or incurred in the taking, removal, handling and sale of said property, or otherwise incurred in connection therewith, including any reasonable attorney's fees incurred or paid by Secured Party; the balance of the proceeds shall be applied by Secured Party upon the indebtedness, obligations and liabilities secured hereby, in such order and manner as Secured Party may determine, and the surplus, if any, shall be paid to Debtor or to the person or persons lawfully entitled to receive the same. If suit be brought, or any proceedings instituted on this Agreement, there shall be due from Debtor to Secured Party the cost of Secured Party's counsel and related costs in such suits or proceedings, which sum is hereby secured. In any such action, plaintiff shall be entitled to the appointment of a Receiver, without notice, to take possession of all or any part of said property and to exercise such powers as the Court shall confer. In any sale or sales made under this Agreement or authorized herein, Secured Party or any person on behalf of Secured Party, or any other person may bid for and purchase any property being sold, and, in the event of such purchase, the purchaser shall hold such property thereafter discharged of all right of redemption.

The right to plead any and all statutes of limitations as a defense to any demand secured by this Agreement is hereby waived to the full extent and longest period allowed by law.

The words "Debtor" and "Secured Party", as used herein, shall be construed to include the successors and assigns of Debtor and Secured Party. This Agreement shall bind and inure to the benefit of said third persons.

IN WITNESS WHEREOF, Debtor and Secured Party have executed this Agreement on the day and year first above written.

ALASKA RAILROAD CORPORATION  
Debtor

By: 

Title: President and CEO

By: 

Title: Mgr., Financial Services

FIRST INTERSTATE LEASING, INC.  
Secured Party

By: 

Title: VICE PRESIDENT

State of Alaska

)

: ss

County of THIRD JUDICIAL DISTRICT

)

On this 28th day of July, 1986, before me personally appeared F. G. Turpin, and B. E. Carr to me personally known, who being by me duly sworn, said that they are the President and CEO and Mgr., Financial Services respectively of the Alaska Railroad Corporation, that the seal affixed to the foregoing instrument is the Corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Juli Black

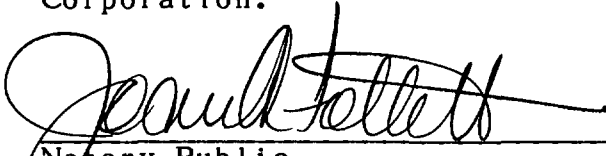
Notary Public

My commission expires: 11/28/87

State of California )

County of Los Angeles<sup>ss</sup>)

On this 8<sup>th</sup> day of August, 1986, before me personally appeared Lynn P. Bartsch, to me personally known, who being by me duly sworn, said that he is a Vice President respectively of First Interstate Leasing, Inc., that the seal affixed to the foregoing instrument is the Corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and they acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

  
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Notary Public

My commission expires: May 11, 1990

